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FORM 10-Q

Signed
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 1992

92-2206

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from_____to_____

PROCESSED BY
MAY 19 1992

Commission File Number 0-11546

136

COM-TEK Resources, Inc.

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

(Exact name of registrant as specified in its charter)

| Colorado | 84-0832977 |
|---|---|
| (State of Incorporation) | (I.R.S. Employer Identification No.) |

| 1624 Market St., Suite 209, Denver, Colorado | 80202 |
|---|---|
| (Address of principal executive offices) | (Zip Code) |

(Registrant's telephone number, including area code) (303) 595-8555

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES XXX NO ___

As of March 31, 1992, there were 55,059,992 shares of the Company's $0.01 par value common stock issued and outstanding.

BEST COPY
AVAILABLE

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

COM-TEX RESOURCES, INC.
CONSOLIDATED BALANCE SHEETS

| ASSETS | March 31, 1992 (Unaudited) | September 30, 1991 (Audited) |
|---|---|---|
| CURRENT ASSETS: | | |
| CASH | 673,359 | 6102,314 |
| ACCOUNTS RECEIVABLE | 171,169 | 136,293 |
| INTEREST RECEIVABLE | 1,625 | 0 |
| RECEIVABLE FROM RELATED PARTIES | 32,231 | 29,734 |
| OTHER CURRENT ASSETS | 11,493 | 11,518 |
| TOTAL CURRENT ASSETS | 289,928 | 279,859 |
| OIL AND GAS PROPERTIES (Full Cost Method) | | |
| SUBJECT TO AMORTIZATION | 8,869,365 | 8,840,427 |
| NOT SUBJECT TO AMORTIZATION | 1,433,033 | 1,450,033 |
| | 10,293,398 | 10,290,460 |
| LESS ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION | (1,520,748) | (1,372,798) |
| | 8,772,650 | 8,925,662 |
| FURNITURE AND EQUIPMENT (at cost) NET OF ACCUMULATED DEPRECIATION OF 896,109 AT MARCH 1992 AND 894,910 AT SEPT 1991 | 10,584 | 11,004 |
| INVESTMENTS AND OTHER ASSETS | 77,486 | 7,120 |
| TOTAL ASSETS | 89,150,668 | 89,223,725 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| ACCOUNTS PAYABLE | | |
| TRADE | 716,434 | 625,434 |
| ACQUISITION AND OFFERING COSTS | 19,439 | 19,439 |
| ACCRUED EXPENSES | 49,520 | 36,009 |
| CURRENT MATURITIES OF LONG-TERM DEBT | 147,727 | 121,770 |
| PAYABLE TO RELATED PARTIES | 65,009 | 220,504 |
| STOCK PAYABLE | 0 | 20,000 |
| TOTAL CURRENT LIABILITIES | 999,017 | 1,044,116 |
| LONG-TERM DEBT (NET OF CURRENT PORTION) | 324,000 | 320,253 |
| STOCKHOLDERS' EQUITY: | | |
| COMMON STOCK, PAR VALUE $0.01 AUTHORIZED, 75,000,000 SHARES, ISSUED 56,059,992 AT MARCH 1992 AND 51,299,992 AT SEPT 1991 | 550,600 | 513,000 |
| PREFERRED STOCK, PAR VALUE $1.00 10,000,000 SHARES AUTHORIZED, NO SHARES ISSUED | | |
| ADDITIONAL PAID-IN CAPITAL | 12,720,903 | 12,570,503 |
| ACCUMULATED DEFICIT | (5,457,297) | (5,242,650) |
| FOREIGN CURRENCY TRANSLATION ADJUSTMENT | 5,345 | 2,431 |
| TOTAL STOCKHOLDERS' EQUITY | 7,827,651 | 7,861,364 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | 89,150,668 | 89,223,725 |

COM-TEX RESOURCES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT
For the Three Months and Six Months
Ended March 31, 1992 and 1991
(UNAUDITED)

| | THREE MONTHS ENDED MARCH 31 | | SIX MONTHS ENDED MARCH 31 | |
|---|---|---|---|---|
| | 1992 | 1991 | 1992 | 1991 |
| REVENUES: | | | | |
| OIL AND GAS SALES | $151,906 | $189,304 | $329,589 | $396,162 |
| OTHER OPERATING INCOME | 15,708 | 43,531 | 33,054 | 50,965 |
| INTEREST AND OTHER | 2,453 | 2,219 | 3,953 | 4,700 |
| TOTAL REVENUES | 169,627 | 235,134 | 365,587 | 449,827 |
| EXPENSES: | | | | |
| OIL AND GAS OPERATIONS | $1,484 | $2,554 | $29,252 | $100,634 |
| GENERAL AND ADMINISTRATIVE | 145,725 | 255,899 | 275,297 | 410,636 |
| OFFERING COSTS | 0 | 86,010 | 0 | 86,010 |
| INTEREST | 16,924 | 4,290 | 29,580 | 8,347 |
| DEPRECIATION, DEPLETION & AMORTIZATION | 71,130 | 83,219 | 145,149 | 159,361 |
| FOREIGN CURRENCY TRANSACTION LOSS (GAIN) | (2,042) | 0 | (2,042) | 0 |
| TOTAL EXPENSES | 282,221 | 492,072 | 580,226 | 772,977 |
| NET INCOME (LOSS) BEFORE MINORITY INTEREST | (112,594) | (256,938) | (214,639) | (323,150) |
| LESS: MINORITY INTEREST | - | 5,135 | - | 7,634 |
| NET INCOME (LOSS) | (112,594) | (262,073) | (214,639) | (330,784) |
| ACCUMULATED DEFICIT, BEGINNING OF PERIOD | (5,344,703) | (4,191,926) | (5,242,658) | (4,123,215) |
| ACCUMULATED DEFICIT, END OF PERIOD | ($5,457,297) | ($4,453,999) | ($5,457,297) | ($4,453,999) |
| AVERAGE NUMBER OF SHARES OUTSTANDING | 41,341,311 | 41,492,584 | 41,329,530 | 41,361,630 |
| NET INCOME (LOSS) PER SHARE | $(0) | $(0) | $(0) | $(0) |

$ Net Income (Loss) Per Share less than $0.01

The accompanying notes to consolidated financial statements are an integral part of these statements.

COM-TEX RESOURCES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOW
For the Six Months ended March 31, 1992 and 1991
(Unaudited)

| | SIX MONTHS ENDED MARCH 31 | |
|---|---|---|
| | 1992 | 1991 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net Loss | ($214,639) | ($330,784) |
| Plus adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depletion, depreciation and amortization | 149,149 | 159,351 |
| Offering Costs | 0 | 86,010 |
| Increase in minority interest | 0 | 7,633 |
| Operating assets and liabilities: | | |
| (Increase) decrease in accounts and interest receivable | ($9,010) | ($40,174) |
| (Decrease) increase in accounts payable and accrued expenses | 159,639 | 110,446 |
| (Decrease) increase in payable to related parties | ($42,695) | ($14,850) |
| (Decrease) increase in stock payable | 0 | 20,000 |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | 12,436 | 5,632 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of oil and gas properties and equipment | ($59,930) | ($76,361) |
| Increase in investments and other assets | ($6,060) | ($8,083) |
| NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES | ($65,990) | ($84,444) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from issuance of debt | 75,000 | 50,000 |
| Principal payments of long-term debt | ($53,296) | 0 |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 21,704 | 50,000 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH | 2,934 | 1,183 |
| INCREASE (DECREASE) IN CASH | ($28,924) | ($27,629) |
| CASH, beginning of period | 102,314 | 234,898 |
| CASH, end of period | $73,390 | $207,269 |

See Note 2 for supplemental disclosures of cash flow information.

COM-TEX RESOURCES, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For the Period October 01, 1990 through March 31, 1992

| | COMMON STOCK | | ADDITIONAL PAID-IN CAPITAL | ACCUMULATED DEFICIT | FOREIGN CURRENCY TRANSLATION ADJUSTMENT | TREASURY STOCK | TOTAL STOCKHOLDERS EQUITY |
|---|---|---|---|---|---|---|---|
| | SHARES | AMOUNT | | | | | |
| BALANCES, OCTOBER 01, 1990 | 41,233,325 | $412,333 | $11,744,001 | ($4,123,215) | $3,693 | ($612,500) | $7,424,312 |
| Issuance of common stock for interest in oil and gas property (Unaudited) | 4,666,667 | 46,667 | 205,333 | -- | -- | -- | 252,000 |
| Foreign currency translation adjustment (Unaudited) | -- | -- | -- | -- | 1,557 | -- | 1,557 |
| Net Loss (Unaudited) | -- | -- | -- | (330,784) | -- | -- | (330,784) |
| BALANCES, MARCH 31, 1991 (Unaudited) | 45,899,992 | 459,000 | 11,949,334 | (4,453,999) | 5,250 | ($612,500) | 7,347,085 |
| Issuance of common stock to acquire remaining 49% of subsidiary | 5,400,000 | 54,000 | 629,249 | -- | -- | 612,500 | 1,295,749 |
| Foreign currency translation adjustment (Unaudited) | -- | -- | -- | -- | (2,819) | -- | (2,819) |
| Net Loss (Unaudited) | -- | -- | -- | (788,659) | -- | -- | (788,659) |
| BALANCES, SEPTEMBER 30, 1991 | 51,299,992 | $513,000 | 12,578,583 | ($5,242,658) | 2,431 | -- | 7,851,356 |
| Issuance of common stock to satisfy certain current obligations (Unaudited) | 3,760,000 | 37,600 | 150,400 | -- | -- | -- | 188,000 |
| Foreign currency translation adjustment (Unaudited) | -- | -- | -- | -- | 2,934 | -- | 2,934 |
| Net Loss (Unaudited) | -- | -- | -- | (214,639) | -- | -- | (214,639) |
| BALANCES, MARCH 31, 1992 (Unaudited) | 55,059,992 | $550,600 | 12,728,983 | ($5,457,297) | 5,365 | -- | 7,827,651 |

The accompanying notes to consolidated financial statements are an integral part of these statements.

COM-TEK RESOURCES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1.) The financial statements presented are unaudited. However, in the opinion of management, all material adjustments for fair presentation have been made. Such adjustments are of a normal and recurring nature. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the Securities and Exchange Commission's rules and regulations. Management believes the disclosures made are adequate but suggests that these financial statements be read in conjunction with the financial statements and notes contained in the September 30, 1991 Form 10-K.

2.) Supplemental Cash Flow Information

Cash paid for interest:

For the Six Months Ended March 31

| | |
|---|---|
| 1992 | $ 11,364 |
| 1991 | $ -- |

During the six months ended March 31, 1992, the Company issued 3,760,00 shares of COM-TEK stock valued at $188,000 in order to satisfy certain current liabilities. The Company also entered into a settlement of a lawsuit in which they agreed to take a promissory note in the amount of $65,000 in lieu of an investment in oil and gas properties. This amount was recorded as an increase in Investments and other assets and a reduction in oil and gas properties.

During the six months ended March 31, 1991, the Company issued 4,666,667 shares of COM-TEK stock valued at $252,000 to acquire an approximate 24% working interest in the Leavenworth, Kansas Field and related pipeline, equipment and transmission facilities, in addition to an approximate 20% working interest in two wells in Oklahoma.

Also, during the six months ended March 31, 1991, $11,097 of interest was reclassed from accrued expenses to principal.

3.) Long Term Debt

Long-term debt consists of the following:

| | March 31 1992 (Unaudited) | September 30 1991 (Audited) |
|---|---|---|
| Note payable to a stockholder | $ 66,934 | $115,162 |
| Note payable to a stockholder, with interest at 10%, principal and interest payable in monthly installments of $600. The note is collateralized by oil and gas properties | 5,793 | 8,961 |
| Note payable to former director, with interest at 12%, payable semi-annually, principal is due September 30, 1993. The note is not collateralized. | 50,000 | 50,000 |
| Notes payable to vendors, with interest at 12%, payable semi-annually, principal is due August 31, 1993. The notes are not collateralized. | 256,033 | 257,807 |
| Note payable to a vendor, with interest at 12%, payable semi-annually, principal due August 31, 1994. The note is not collateralized. | 17,967 | 18,093 |
| Note payable to an entity with interest at 12%, payable monthly, principal due December 1, 1992. Note is collateralized by certain oil and gas properties. | 75,000 | -- |
| | 471,727 | 450,023 |
| Less current portion | (147,727) | (121,770) |
| | $324,000 | $328,253 |

Part I - Financial Information (con't)

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

For the Three Months Ended March 31, 1992 and 1991

Revenues - Total revenue decreased approximately $66,000 or 28% for the three months ended March 31, 1992 compared to the three months ended March 31, 1991. Oil and gas sales decreased approximately $38,000 or 20% primarily as a result of both lower oil and gas prices and production volumes. The Company has decided that its acquisition of an additional interest in the Leavenworth properties will not occur effective as of November 1, 1991. Revenues and expenses which had been recorded in the previous quarter for November and December were reversed during the current quarter resulting in a reduction of revenue. In addition, there have been overall production and price declines in both the U.S. and Canada. The Company recently took over operation of one of its major properties in order to try to increase production levels.

Other operating income decreased approximately $28,000 or 64% primarily as a result of recognizing no consulting fees during the current quarter vs. $25,000 recorded during the comparative quarter of 1991.

Interest and other income increased approximately $200 or 11% due to accruing interest on a note receivable that resulted from the settlement of a lawsuit relating to an investment in oil and gas properties. This additional interest income is offset by decreases caused by lower cash balances combined with lower interest rates.

Expenses - Total expenses for the quarter ended March 31, 1992 decreased approximately $210,000 or 43% from the comparative quarter of 1991. Expenses of oil and gas operations decreased approximately $11,000 or 18% due to a combination of reversing Leavenworth's November and December expenses, lower production taxes due to lower revenue and reduced operating expenses throughout the Company.

General and administrative expense decreased approximately $110,000 or 43% for the quarter. During the three months ended March 31, 1991, the Company incurred significant one-time costs relating to due diligence performed by new brokers in London, costs of the aborted underwriting on the USM exchange and the recognition of compensation expense of a former director. There were also costs incurred for travel, printing the annual report, and expenses of the London office which were not incurred during the quarter ended March 31, 1992.

Offering costs of $86,000 relating to the aborted underwriting were expensed during the quarter ended March 31, 1991. These were non-recurring during the current quarter.

Interest expense increased approximately $11,500 or 263% over the comparative quarter of 1991 as a result of debt incurred since that time to settle and pay certain accounts payable.

Depreciation and depletion expense decreased approximately $12,000 or 15% due to lower production volumes.

- Currency transaction gain of $2,000 recognized in the current qu... resulted from the portion of the debt which was incurred at a specific pound sterling amount. At each balance sheet date the balances are converted to U.S. dollars using the effective exchange rate, and the difference is recorded as a translation gain or loss.

For the Six Months Ended March 31, 1992 and 1991

Revenues - Total revenue decreased approximately $84,000 or 19% for the six month period. Oil and gas sales decreased approximately $58,000 or 15% primarily as a result of declining gas prices along with lower production volumes.

Other operating income decreased approximately $26,000 or 44% as a result of consulting fees recorded in 1991.

Interest and other income decreased approximately $700 or 16% due to lower cash balances combined with lower interest rates offset by interest accrued on the note receivable discussed previously.

Expenses - Total expenses for the six months ended March 31, 1992, decreased approximately $193,000 or 25%. Expenses of oil and gas operations increased approximately $21,000 or 19% due to a combination of factors. Since additional interests in properties in Leavenworth, Kansas and Oklahoma were acquired effective January 1, 1991, the first three months of fiscal 1991 had lower operating expense. Three additional wells in Montana came on production during the latter part of fiscal 1991 resulting in higher production costs in the current six months. Additional expenses during the current six months resulted from a one-time charge of approximately $7,000 of legal expense incurred to settle a lawsuit regarding prior revenue and interest in the Oklahoma property. During the period, the Company also recorded 1991 ad valorem taxes of approximately $7,000.

General and administrative expense decreased approximately $135,000 or 33% from the first six months of fiscal 1991. This decrease is primarily attributable to incurring one-time costs in 1991 relating to changing brokers in London, costs associated with the aborted underwriting and recording compensation payable to a former director. The consolidation of the offices of COM-TEK and Crescent effective third quarter 1991 has also helped to reduce overhead.

Offering costs of $86,000 were incurred during fiscal 1991, but no such costs have been incurred in the current year.

Interest expense increased approximately $20,000 or 242% over the six months ended March 31, 1991, due to incurring debt during the fourth quarter of fiscal 1991 and the first quarter of fiscal 1992 in order to settle and pay certain accounts payable. The increases were partially offset by reduced interest rates.

Depreciation and depletion expense decreased by approximately $10,000 or 6% as a result of lower production volumes.

Cash Flow - (See Statement of Cash Flow)

The significant differences between the cash flows for the six month periods ended March 31, 1992 and 1991 which have not been discussed previously are the principal payments of long-term debt which were made by assigning the proceeds from oil and gas production of the Canadian properties.

Liquidity and Capital Resources

Working capital at March 31, 1992, increased from that of September 30, 1991, by approximately $155,000 due primarily to the Company issuing shares of Company stock in order to settle certain current obligations, the majority of which were liabilities for directors fees and salary payable to an officer. In order to provide additional working capital, the Company is currently negotiating, and has a signed letter of intent, to sell certain of its miscellaneous oil and gas properties. The Company has been notified that a further extension to August 1, 1992, has been granted to Wolf Creek Resources to complete the purchase of the Galvan Ranch. An agreement with Wolf Creek provides that upon closing, the Company will receive $1 million cash, a 12.5% working interest and a 2.5% net overrriding interest in the oil and gas properties on the ranch.

Management plans to use part of the proceeds from the Ranch to develop certain of its existing oil and gas properties which are in early stages of development, in addition to discussing joint ventures with certain industry partners who would participate with the Company in these same properties, while bearing a disproportionate share of the costs. This arrangement allows the Company to generate additional cash flow while minimizing costs.

The Company is also exploring all other financial opportunities. Any capital would be used to fund existing development programs and acquisitions, thus providing additional cash flow and reserves.

Part II - Other Information

Item 1 - Legal Proceedings

The Company knows of no material legal proceedings pending or threatened, or judgments entered against, the Company or and Director or Officer of the Company in his capacity as such.

Item 2 - Changes in Securities

Not Applicable

Item 3 - Defaults Upon Senior Securities

Not Applicable

Item 4 - Submission of Matters to Vote of Security Holders

Not Applicable

Item 5 - Other Information

Subsequent Events

As stated previously, the Company has a signed letter of intent to sell certain of its miscellaneous oil and gas properties. The Company has also been notified that an additional extension to August 1, 1992, has been granted in order to complete the sale of the Galvan Ranch.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned there unto duly authorized.

COM-TEK Resources, Inc.
(a Colorado Corporation)

By: _____
J. Ellerton,
President

Dated: May 15, 1992